

WOODBINE MUNICIPAL LIGHT & POWER

FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND
REPORTS OF INDEPENDENT AUDITORS'

YEARS ENDED JUNE 30, 2022 AND 2021

WOODBINE MUNICIPAL LIGHT & POWER
WOODBINE, IOWA
JUNE 30, 2022 AND 2021

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WOODBINE MUNICIPAL LIGHT & POWER

OFFICIALS

JUNE 30, 2022

<u>NAME OF OFFICIAL</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Lisa Vandemark	Trustee - Chairman	8/1/2025
Paul Ridder	Trustee	8/1/2027
Kert Barnum	Trustee	8/1/2023
James Reisz	Superintendent	Indefinite
Jill Andersen	Finance Manager	Indefinite

BLACKMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Woodbine Municipal Light & Power
Woodbine, Iowa

Opinion

We have audited the accompanying financial statements of the business-type activities of Woodbine Municipal Light & Power, component unit of the City of Woodbine, Iowa, as of and for the fiscal years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Woodbine Municipal Light & Power's financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Woodbine Municipal Light & Power, component unit of the City of Woodbine, Iowa, as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodbine Municipal Light & Power, component unit of the City of Woodbine, Iowa, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodbine Municipal Light & Power, component unit of the City of Woodbine, Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Woodbine Municipal Light & Power, component unit of the City of Woodbine, Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodbine Municipal Light & Power, component of the City of Woodbine, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management of Woodbine Municipal Light & Power Fund has omitted Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Woodbine Municipal Light & Power Fund's basic financial statements. The accompanying supplementary information on pages 16 through 20 are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information on pages 16 through 20 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Matters

As discussed in Note 1A, the accompanying financial statements present only the Woodbine Municipal Light & Power Fund and do not purport to, and do not, present fairly the net position of the City of Woodbine, Iowa, as of June 30, 2022 and 2021, and the changes in its net position, or, where applicable, its cash flows for the fiscal year then ended in conformity with U.S. generally accepted accounting principles.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 7, 2022, on our consideration of the Woodbine Municipal Light & Power Fund's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Woodbine Municipal Light & Power Fund's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Woodbine Municipal Light & Power Fund's internal control over financial reporting and compliance.

Blackman & Associates, P.C.

Omaha, Nebraska
October 7, 2022

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

ASSETS

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Capital assets - net of depreciation	\$ 3,431,576	\$ -	\$ 3,431,576	\$ 3,312,771	\$ -	\$ 3,312,771
Special purpose funds:						
Customer deposits	33,917	-	33,917	29,694	-	29,694
Natural gas deposits	22,066	-	22,066	18,491	-	18,491
Sinking fund	56,553	-	56,553	56,513	-	56,513
Total special purpose funds	112,536	-	112,536	104,698	-	104,698
Current assets:						
Cash	489,711	457,242	946,953	376,301	341,906	718,207
Receivables	131,684	12,112	143,796	140,775	7,389	148,164
Inventories	122,721	2,223	124,944	129,574	1,950	131,524
Certificates of deposit	423,664	-	423,664	420,087	-	420,087
Unbilled usage	58,828	-	58,828	50,918	-	50,918
Accrued interest receivable	122	-	122	284	-	284
Prepaid insurance	22,355	-	22,355	22,030	-	22,030
Total current assets	1,249,085	471,577	1,720,662	1,139,969	351,245	1,491,214
Total assets	\$ 4,793,197	\$ 471,577	\$ 5,264,774	\$ 4,557,438	\$ 351,245	\$ 4,908,683

LIABILITIES AND NET POSITION

Current liabilities:						
Accounts payable - trade	\$ 108,219	\$ 3,700	\$ 111,919	\$ 77,900	\$ 3,386	\$ 81,286
Accrued interest payable	1,461	-	1,461	1,461	-	1,461
Accrued vacation and leave	34,553	-	34,553	31,574	-	31,574
Current portion of long term debt	36,000	-	36,000	34,000	-	34,000
Total current liabilities	180,233	3,700	183,933	144,935	3,386	148,321
Long-term liabilities:						
Natural gas and customer deposits payable	58,053	-	58,053	50,434	-	50,434
Note payable - net of current portion above	572,000	-	572,000	608,000	-	608,000
Total liabilities	810,286	3,700	813,986	803,369	3,386	806,755
Net position:						
Investment in capital assets, net of debt	3,431,576	-	3,431,576	3,312,771	-	3,312,771
Net position - restricted	-	-	-	-	-	-
Net position - unrestricted	551,335	467,877	1,019,212	441,298	347,859	789,157
Total net position	3,982,911	467,877	4,450,788	3,754,069	347,859	4,101,928
Total liabilities and net position	\$ 4,793,197	\$ 471,577	\$ 5,264,774	\$ 4,557,438	\$ 351,245	\$ 4,908,683

The accompanying notes are an integral part of the financial statements.

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Operating revenues:						
Current use charges	\$ 1,533,878	\$ 307,874	\$ 1,841,752	\$ 1,527,254	\$ 283,681	\$ 1,810,935
City reimbursements	10,390	-	10,390	10,639	-	10,639
Other operating revenues	3,062	-	3,062	7,198	-	7,198
Total operating revenues	<u>1,547,330</u>	<u>307,874</u>	<u>1,855,204</u>	<u>1,545,091</u>	<u>283,681</u>	<u>1,828,772</u>
Operating expenses:						
Cost of power	670,486	-	670,486	681,509	-	681,509
Distribution expenses	238,258	108,384	346,642	176,373	129,529	305,902
Accounting and collection	103,353	28,771	132,124	109,949	28,507	138,456
Administrative	198,743	51,781	250,524	214,340	118,345	332,685
Depreciation	121,528	-	121,528	118,721	-	118,721
Total operating expenses	<u>1,332,368</u>	<u>188,936</u>	<u>1,521,304</u>	<u>1,300,892</u>	<u>276,381</u>	<u>1,577,273</u>
Operating income	<u>214,962</u>	<u>118,938</u>	<u>333,900</u>	<u>244,199</u>	<u>7,300</u>	<u>251,499</u>
Non-operating revenues (expenses):						
MRES rebates	-	-	-	108,341	-	108,341
Interest income	4,491	-	4,491	5,528	-	5,528
Penalties and late fees	9,306	550	9,856	9,327	510	9,837
Sales of materials and equipment	20,263	530	20,793	3,427	858	4,285
Interest expense	(20,330)	-	(20,330)	(21,644)	-	(21,644)
Net non-operating revenues (expenses)	<u>13,730</u>	<u>1,080</u>	<u>14,810</u>	<u>104,979</u>	<u>1,368</u>	<u>106,347</u>
Changes in net position before transfers	228,692	120,018	348,710	349,178	8,668	357,846
Transfers from City of Woodbine - Wages	22,444	-	22,444	22,837	-	22,837
Charges to City of Woodbine - Wages	(22,294)	-	(22,294)	(22,837)	-	(22,837)
Changes in fund net position	228,842	120,018	348,860	349,178	8,668	357,846
Net position, beginning of year	<u>3,754,069</u>	<u>347,859</u>	<u>4,101,928</u>	<u>3,404,891</u>	<u>339,191</u>	<u>3,744,082</u>
Net position, end of year	<u>\$ 3,982,911</u>	<u>\$ 467,877</u>	<u>\$ 4,450,788</u>	<u>\$ 3,754,069</u>	<u>\$ 347,859</u>	<u>\$ 4,101,928</u>

The accompanying notes are an integral part of the financial statements.

WOODBINE MUNICIPAL LIGHT & POWER
STATEMENTS OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Cash flows from operating activities:						
Cash received from customers	\$ 1,527,383	\$ 303,151	\$ 1,830,534	\$ 1,506,397	\$ 276,292	\$ 1,782,689
Cash payments to suppliers	(968,227)	(112,900)	(1,081,127)	(1,032,173)	(199,952)	(1,232,125)
Cash payments to employees	(195,167)	(75,995)	(271,162)	(188,201)	(74,993)	(263,194)
Other revenues	13,452	-	13,452	17,837	-	17,837
Net cash provided by operating activities	<u>377,441</u>	<u>114,256</u>	<u>491,697</u>	<u>303,860</u>	<u>1,347</u>	<u>305,207</u>
Cash flows from noncapital financing activities:						
Payments from City of Woodbine	22,444	-	22,444	22,837	-	22,837
Charges for labor to City of Woodbine	(22,294)	-	(22,294)	(22,837)	-	(22,837)
Non-operating revenues - net	29,569	1,080	30,649	102,689	1,368	104,057
Net cash provided by noncapital financing activities	<u>29,719</u>	<u>1,080</u>	<u>30,799</u>	<u>102,689</u>	<u>1,368</u>	<u>104,057</u>
Cash flows from capital and financing activities:						
Revenue note principal payments	(34,000)	-	(34,000)	(33,000)	-	(33,000)
Interest expense	(20,330)	-	(20,330)	(21,644)	-	(21,644)
Net cash (used) by capital and financing activities	<u>(54,330)</u>	<u>-</u>	<u>(54,330)</u>	<u>(54,644)</u>	<u>-</u>	<u>(54,644)</u>
Cash flows from investing activities:						
Net change in investments and certificates of deposit	(3,577)	-	(3,577)	9,203	-	9,203
Additions to capital assets and infrastructure	(240,334)	-	(240,334)	(445,382)	-	(445,382)
Interest on investments	4,491	-	4,491	5,528	-	5,528
Net cash (used) by investing activities	<u>(239,420)</u>	<u>-</u>	<u>(239,420)</u>	<u>(430,651)</u>	<u>-</u>	<u>(430,651)</u>
Net increase (decrease) in cash	113,410	115,336	228,746	(78,746)	2,715	(76,031)
Cash, beginning of year	376,301	341,906	718,207	455,047	339,191	794,238
Cash, end of year	<u>\$ 489,711</u>	<u>\$ 457,242</u>	<u>\$ 946,953</u>	<u>\$ 376,301</u>	<u>\$ 341,906</u>	<u>\$ 718,207</u>

SCHEDULE OF NET CASH FROM OPERATING ACTIVITIES

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 214,962	\$ 118,938	\$ 333,900	\$ 244,199	\$ 7,300	\$ 251,499
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	121,528	-	121,528	118,721	-	118,721
Changes in assets and liabilities:						
Receivables	9,091	(4,723)	4,368	(30,397)	(7,389)	(37,786)
Accrued interest receivable	162	-	162	4,593	-	4,593
Inventories	6,853	(273)	6,580	(29,171)	(1,950)	(31,121)
Unbilled usage	(7,910)	-	(7,910)	5,659	-	5,659
Prepaid insurance	(325)	-	(325)	(3,912)	-	(3,912)
Deposits	(7,798)	-	(7,798)	(663)	-	(663)
Sinking fund	(40)	-	(40)	(49)	-	(49)
Accounts payable	30,319	314	30,633	(5,787)	3,386	(2,401)
Accrued vacation and leave	2,979	-	2,979	193	-	193
Accrued interest payable	1	-	1	(159)	-	(159)
Customer deposits	7,619	-	7,619	633	-	633
Net cash provided by operating activities	<u>\$ 377,441</u>	<u>\$ 114,256</u>	<u>\$ 491,697</u>	<u>\$ 303,860</u>	<u>\$ 1,347</u>	<u>\$ 305,207</u>

The accompanying notes are an integral part of the financial statements.

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies

Woodbine Municipal Light & Power (the "Utility") has operated as an independent entity since 1941 and is governed by a Board of Trustees consisting of three members appointed by the Mayor of Woodbine, Iowa. The Utility provides power and electricity to residential and commercial customers in Woodbine, Iowa and the surrounding community.

A. Reporting Entity

Criteria specified by the Governmental Accounting Standards Board have been applied in determining the scope of the reporting entity for financial reporting purposes. Specifically, those offices and activities over which the Board of Trustees exercises oversight responsibility are included in these financial statements. Manifestations of oversight responsibility over an entity include: (1) financial interdependence, (2) selection of governing authority, (3) designation of management, (4) ability to significantly influence operations, and (5) accountability for fiscal matters.

Woodbine Municipal Light & Power has been identified as a component unit of the City of Woodbine, Iowa. Woodbine Municipal Utilities management provide billing and collection services for sewer, gas and landfill charges for the City of Woodbine. However, these amounts have been eliminated for financial statements purposes.

Effective July 1, 2019, the Board of Trustees of Woodbine Municipal Light & Power was assigned oversight responsibility for the Woodbine Municipal Water Fund. Woodbine Municipal Water Fund has also been identified as a component unit of the City of Woodbine, Iowa and is presented for comparative purposes.

These financial statements do not reflect any activity or transactions of the City of Woodbine and do not present consolidated information.

B. Fund Accounting

The Utility, for financial statement purposes, includes only the funds and operations applicable to electric and power and water services. All financial activity is accounted for in a pooled enterprise Fund. The intent of the governing body is that all of the acquisitions, operations and maintenance (including depreciation) of facilities and services to the general public on a continuing basis be financed or recovered primarily by user charges.

C. Measurement Focus and Basis of Accounting

These financial statements are reported on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred; regardless of the timing of the related cash flows.

In reporting the financial statements, Woodbine Municipal Light & Power applies all known applicable and relevant pronouncements of the Governmental Accounting Standards Board (GASB).

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies - continued

C. Measurement Focus and Basis of Accounting - continued

Operating revenues and expenses generally result from providing electric, power and water services, and maintaining and delivering goods and services in connection with ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

At June 30, 2022 and 2021, management considered accounts receivable to be fully collectible and, therefore, these financial statements do not contain an allowance for doubtful accounts.

D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the Board of Trustees annually adopts a budget. The budget of the Utilities is submitted with that of the City of Woodbine following required public notice and hearing. Budgetary information is presented on the cash basis, which is in conformity with the budgetary requirements for the Code of Iowa.

E. Deposits and Certificates of Deposit

Deposits and investments are stated at cost, which approximates market. Interest on deposits and investments are accrued in the financial statements. The Utility's deposits and certificates are covered entirely by federal depository insurance, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. Accordingly, Woodbine Municipal Light & Power had no investments meeting the risk categorization disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

F. Inventories

Inventories consist of materials and supplies, and are valued at the lower of cost or market, based on the (FIFO) first in, first out basis.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Utility considers all highly liquid debt instruments purchased with original maturities of 90 days or less to be cash equivalents. Natural gas and customer deposit accounts are not considered cash equivalents. Cash investments not meeting the definition of cash equivalents include certificates of deposits amounting to \$423,664 and \$420,087 at June 30, 2022 and 2021, respectively.

H. Capital Assets

Capital assets consist of land, building and plant, distribution systems, equipment and accumulated depreciation. Woodbine Municipal Light & Power does not maintain a formal capitalization policy. Generally, costs for capital assets, new plant, distribution, or substation systems with estimated useful lives of five years or more are capitalized and depreciated over the estimated useful life. Repairs and replacements of existing systems and assets with estimated useful lives of less than five years are expensed as incurred. Costs and accumulated depreciation on capital assets sold, retired or no longer in service are deducted from the respective asset and accumulated depreciation accounts, and any gain or loss is recognized at that time. Construction period interest, if any, is not capitalized.

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

1. Summary of Significant Accounting Policies - continued

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Off Balance Sheet and Concentration of Credit Risk

The Utility's receivables are due from residential and commercial customers for providing electric, power and water services. None of the receivables are collateralized. The Utility's cash and investments are currently maintained at one local depository institution. To date, these concentrations of credit risk have not had an effect on the results of operations of the Utility.

K. Compensated Absences

Utility employees accumulate vacation and personal leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are recognized and accrued when earned. Sick leave is also accrued; however, sick leave is not paid upon termination, retirement or death. Amounts accrued are computed based on rates of pay in effect at June 30, 2022 and 2021, respectively.

L. Reclassifications

Certain amounts in the June 30, 2021 financial statements may have been reclassified to conform to the June 30, 2022 presentation. Such reclassifications, if any, had no effect on changes in net position as previously reported.

2. Deposits and Investments

The Utility is authorized to invest public funds in interest bearing accounts at any bank, savings and loan association, or credit union, in the State of Iowa, which is approved by the State Treasurer and properly declared as a depository by the Board of Trustees; obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees, Iowa Public Agency Investment Trust and certain other investments with prior approval by the Board of Trustees.

Deposits and investments are stated at cost, which approximates market. Interest on deposits and investments is accrued in the financial statements. The Utility's deposits and certificates at June 30, 2022 and 2021 were entirely covered by federal depository insurance, or by the State Sinking Fund, in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Utility had no investments meeting the risk categorization disclosure requirements of Governmental Accounting Standards Board Statement No. 3.

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

3. Capital Assets

Capital assets are stated at historical cost. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Buildings, plant and distribution systems are depreciated over 40 years, whereas equipment is generally depreciated over 5 - 10 years.

June 30, 2022			
	Balance 06/30/21	Additions	Retirements & Disposals
Capital Assets			Balance 06/30/22
Land	\$ 60,250	\$ -	\$ -
Buildings and plant	264,123	-	-
Distribution system	4,393,892	240,333	-
Equipment	378,005	-	-
Totals	<u>\$5,096,270</u>	<u>\$ 240,333</u>	<u>\$ -</u>

June 30, 2022			
	Balance 06/30/21	Depreciation	Retirements & Disposals
Accumulated Depreciation			Balance 06/30/22
Buildings and plant	\$ 167,154	\$ 4,029	\$ -
Distribution system	1,359,511	99,675	-
Equipment	256,834	17,824	-
Totals	<u>\$1,783,499</u>	<u>\$ 121,528</u>	<u>\$ -</u>

June 30, 2021			
	Balance 06/30/20	Additions	Retirements & Disposals
Capital Assets			Balance 06/30/21
Land	\$ 60,250	\$ -	\$ -
Buildings and plant	264,123	-	-
Distribution system	3,973,720	420,172	-
Equipment	352,795	25,210	-
Totals	<u>\$4,650,888</u>	<u>\$ 445,382</u>	<u>\$ -</u>

June 30, 2021			
	Balance 06/30/20	Depreciation	Retirements & Disposals
Accumulated Depreciation			Balance 06/30/21
Buildings and plant	\$ 163,125	\$ 4,029	\$ -
Distribution system	1,264,165	95,346	-
Equipment	237,488	19,346	-
Totals	<u>\$1,664,778</u>	<u>\$ 118,721</u>	<u>\$ -</u>

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

4. Long-term Debt

On January 28, 2016 Woodbine Municipal Light & Power took out an electric revenue note in the amount of \$800,000. The proceeds from the revenue note were used primarily for major infrastructure improvements and replacements to the electric and distribution systems. Payment of the principal and interest are due semi-annually on June 1 and December 1. The interest rate on the revenue note is variable. As of June 30, 2020 the rate was 3.26% and will remain that rate until June 1, 2030. According to the terms of the revenue note, on June 1, 2030, the interest rate may be adjusted by the lender to a rate equal to 1.00% over the 10 year U.S. Treasury Constant Maturities issued by the Federal Reserve System. The note is scheduled to mature June 1, 2036.

Annual debt principal and interest repayments for the long-term debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Annual Debt Service</u>
12/1/22 & 6/1/23	\$ 36,000	\$ 19,528	\$ 55,528
12/1/23 & 6/1/24	37,000	18,404	55,404
12/1/24 & 6/1/25	38,000	17,132	55,132
12/1/25 & 6/1/26	39,000	15,893	54,893
12/1/26 & 6/1/27	40,000	14,606	54,606
Thereafter	418,000	67,565	485,565
Totals	<u>\$ 608,000</u>	<u>\$ 153,128</u>	<u>\$ 761,128</u>

5. Pension and Retirement Benefits

Woodbine Municipal Light & Power contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members were required to contribute 6.29% of their annual covered salary and Woodbine Municipal Light & Power is required to contribute 9.44% of annual covered payroll. Contribution rates and requirements are established by state statute. Woodbine Municipal Light & Power's required contribution to IPERS for the years ended June 30, 2022 and 2021 amounted to \$20,146 and \$19,589, respectively. Woodbine Municipal Water required contribution to IPERS for the years ended June 30, 2022 and 2021 amounted to \$7,450 and \$7,074, respectively.

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2022 AND 2021

6. Related Party Transactions

Woodbine Municipal Light and Power Fund provided labor and related costs and benefits to the City of Woodbine. These expenses are reimbursed 100% by the City of Woodbine and are reported as transfers and amounted to \$22,294 and \$22,837 for the fiscal years ended June 30, 2022 and 2021, respectively.

The Woodbine Municipal Light and Power Fund also provides electricity, file maintenance, meter reading, billing, collection and other various operating and office expenses to the City of Woodbine. These expenses are reimbursed 100% by the City of Woodbine and are reported as operating revenues and operating expenses and amounted to \$10,390 and \$10,639 for the fiscal years ended June 30, 2022 and 2021, respectively.

Amounts due to the Woodbine Municipal Light and Power Fund from the City of Woodbine are included in receivables and payables, and amounted to \$2,663 and \$2,106 for the fiscal years ended June 30, 2022 and 2021, respectively.

7. Net Position

Net position generally consists of the following three categories:

Net position invested in capital assets, net of related debt - are capital assets, net of accumulated depreciation, reduced by related outstanding notes, bonds, or other debt.

Restricted net position – are net assets which result when constraints or restrictions are placed on the use of net assets. The restrictions are generally imposed by external lending sources or by law.

Unrestricted net position - are those assets not meeting the definitions of the two preceding categories. Reservations of unrestricted net assets may be imposed by management; however, reservations do not restrict net assets in any manner.

8. Risk Management

The Utility is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Woodbine Municipal Light & Power assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks, if any, have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. Subsequent Events

Management has evaluated subsequent events through October 7, 2022, the date on which the financial statements were available to be issued.

BLACKMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Woodbine Municipal Light & Power
Woodbine, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the Woodbine Municipal Light & Power Fund, a component unit of the City of Woodbine, Iowa, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Woodbine Municipal Light & Power Fund's financial statements and have issued our report thereon dated October 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Woodbine Municipal Light & Power Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Woodbine Municipal Light & Power Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbine Municipal Light & Power Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Woodbine Municipal Light & Power Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Woodbine Municipal Light and Power Fund's operations for the fiscal year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Woodbine Municipal Light and Power Fund. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blackman & Associates, P.C.

Omaha, Nebraska
October 7, 2022

SUPPLEMENTARY INFORMATION

WOODBINE MUNICIPAL LIGHT & POWER
SCHEDULES OF BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	ELECTRIC & POWER			WATER		
	JUNE 30, 2022			JUNE 30, 2022		
	Original & Final Budget	Actual	Variance	Original & Final Budget	Actual	Variance
Operating revenues:						
Sales to customers	\$ 1,545,000	\$ 1,533,840	\$ (11,160)	\$ 309,000	\$ 303,150	\$ (5,850)
Other operating revenue	1,000	10,390	9,390	1,500	-	(1,500)
Miscellaneous and rentals	-	3,062	3,062	1,200	-	(1,200)
Total operating revenues	1,546,000	1,547,292	1,292	311,700	303,150	(8,550)
Operating expenses:						
Cost of power	699,300	659,823	(39,477)	-	-	-
Distribution expenses	454,948	231,402	(223,546)	183,905	108,485	(75,420)
Accounting and collections	146,058	103,353	(42,705)	31,672	28,628	(3,044)
Administration expenses	273,397	195,766	(77,631)	98,173	51,781	(46,392)
Total operating expenses	1,573,703	1,190,344	(383,359)	313,750	188,894	(124,856)
Operating income (loss)	(27,703)	356,948	384,651	(2,050)	114,256	116,306
Non-operating revenues (expenses):						
Transfers from City of Woodbine - Wages	15,000	22,444	7,444	-	-	-
Charges to City of Woodbine - Wages	21,050	-	(21,050)	-	-	-
Transfers to City of Woodbine	(24,647)	(22,294)	2,353	-	-	-
Penalties and late fees	9,000	9,306	306	550	550	-
Interest income	6,100	4,653	(1,447)	500	-	(500)
Sale of materials	1,200	20,263	19,063	1,000	530	(470)
Total non-operating revenues (expenses)	27,703	34,372	6,669	2,050	1,080	(970)
Changes in net position	-	391,320	391,320	-	115,336	115,336
Adjustments to cash method for budget purposes:						
Net investment proceeds (purchases)	-	(3,577)	(3,577)	-	-	-
Repayment of revenue note	-	(34,000)	(34,000)	-	-	-
Purchases of capital assets and infrastructure	-	(240,333)	(240,333)	-	-	-
Total adjustments	-	(277,910)	(277,910)	-	-	-
Net increase in cash	\$ -	\$ 113,410	\$ 113,410	\$ -	\$ 115,336	\$ 115,336

See accompanying independent auditors' report.

WOODBINE MUNICIPAL LIGHT & POWER
SCHEDULES OF BUDGETED AND ACTUAL CASH RECEIPTS AND DISBURSEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	<u>ELECTRIC & POWER</u>			<u>WATER</u>		
	<u>JUNE 30, 2021</u>			<u>JUNE 30, 2021</u>		
	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:						
Sales to customers	\$ 1,573,600	\$ 1,545,090	\$ (28,510)	\$ 289,051	\$ 283,681	\$ (5,370)
Other operating revenue	-	-	-	1,500	450	(1,050)
Miscellaneous and rentals	-	-	-	1,000	918	(82)
Total operating revenues	<u>1,573,600</u>	<u>1,545,090</u>	<u>(28,510)</u>	<u>291,551</u>	<u>285,049</u>	<u>(6,502)</u>
Operating expenses:						
Cost of power	707,600	573,168	(134,432)	-	-	-
Distribution expenses	427,969	263,065	(164,904)	176,122	135,482	(40,640)
Accounting and collections	142,466	131,594	(10,872)	31,672	28,507	(3,165)
Administration expenses	303,941	214,343	(89,598)	83,757	118,345	34,588
Total operating expenses	<u>1,581,976</u>	<u>1,182,170</u>	<u>(399,806)</u>	<u>291,551</u>	<u>282,334</u>	<u>(9,217)</u>
Operating income (loss)	<u>(8,376)</u>	<u>362,920</u>	<u>371,296</u>	<u>-</u>	<u>2,715</u>	<u>2,715</u>
Non-operating revenues (expenses):						
Transfers from City of Woodbine - Wages	20,000	22,838	2,838	-	-	-
Charges to City of Woodbine - Wages	(26,949)	(22,835)	4,114	-	-	-
Transfers to City of Woodbine	-	-	-	-	-	-
Penalties and late fees	8,000	9,325	1,325	-	-	-
Interest income	6,125	5,528	(597)	-	-	-
Sale of materials	1,200	3,427	2,227	-	-	-
Total non-operating revenues (expenses)	<u>8,376</u>	<u>18,283</u>	<u>9,907</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	<u>-</u>	<u>381,203</u>	<u>381,203</u>	<u>-</u>	<u>2,715</u>	<u>2,715</u>
Adjustments to cash method for budget purposes:						
Net investment proceeds (purchases)	-	(9,202)	(9,202)	-	-	-
Repayment of revenue note	-	(33,000)	(33,000)	-	-	-
Purchases of capital assets and infrastructure	-	(417,747)	(417,747)	-	-	-
Total adjustments	<u>-</u>	<u>(459,949)</u>	<u>(459,949)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	<u>\$ -</u>	<u>\$ (78,746)</u>	<u>\$ (78,746)</u>	<u>\$ -</u>	<u>\$ 2,715</u>	<u>\$ 2,715</u>

See accompanying independent auditors' report.

WOODBINE MUNICIPAL LIGHT & POWER
NOTES TO SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
JUNE 30, 2022 AND 2021

In accordance with the Code of Iowa, the Board of Trustees, with the approval of the City Council, annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements known as functions, not by fund. The Utilities' disbursements are budgeted in the business-type activities function.

There were no amendments to the budget during the years ended June 30, 2022 and 2021. During the years ended June 30, 2022 and 2021, disbursements did not exceed the amount budgeted.

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Distribution expenses:						
Wages	\$ 76,331	\$ 32,334	\$ 108,665	\$ 72,692	\$ 28,992	\$ 101,684
FICA	5,629	2,474	8,103	5,468	2,218	7,686
IPERS	6,946	3,052	9,998	6,748	2,737	9,485
Chemicals	-	9,698	9,698	-	14,676	14,676
Contract labor	3,236	380	3,616	230	1,019	1,249
Dues	961	-	961	2,708	-	2,708
Equipment and repairs	3,635	5,146	8,781	1,451	13,605	15,056
Insurance	46,235	-	46,235	42,678	-	42,678
Maintenance materials	75,237	27,795	103,032	27,757	36,914	64,671
Miscellaneous	760	-	760	590	4,000	4,590
Purchased services	361	1,313	1,674	550	1,208	1,758
Street lights	3,471	-	3,471	2,238	-	2,238
Training	1,311	735	2,046	-	60	60
Tool purchases	3,917	-	3,917	2,510	-	2,510
Truck expenses	5,484	5,011	10,495	2,938	2,680	5,618
Uniforms	2,342	-	2,342	4,831	-	4,831
Utilities	2,402	20,446	22,848	2,984	21,420	24,404
Total distribution expenses	<u>\$ 238,258</u>	<u>\$ 108,384</u>	<u>\$ 346,642</u>	<u>\$ 176,373</u>	<u>\$ 129,529</u>	<u>\$ 305,902</u>
Accounting and collection expenses:						
Wages	\$ 48,790	\$ 22,660	\$ 71,450	\$ 47,250	\$ 22,441	\$ 69,691
FICA	3,744	1,734	5,478	3,658	1,717	5,375
IPERS	4,620	2,139	6,759	4,514	2,119	6,633
Insurance	42,219	-	42,219	46,682	-	46,682
Meeting expenses	1,084	-	1,084	566	-	566
Miscellaneous	176	-	176	770	-	770
Supplies	2,490	2,238	4,728	6,213	2,230	8,443
Training	230	-	230	296	-	296
Total accounting and collection	<u>\$ 103,353</u>	<u>\$ 28,771</u>	<u>\$ 132,124</u>	<u>\$ 109,949</u>	<u>\$ 28,507</u>	<u>\$ 138,456</u>

WOODBINE MUNICIPAL LIGHT & POWER
SUPPLEMENTARY INFORMATION
SCHEDULES OF OPERATING EXPENSES - CONTINUED
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

	JUNE 30, 2022			JUNE 30, 2021		
	ELECTRIC	WATER	TOTALS	ELECTRIC	WATER	TOTALS
Administrative expenses:						
Wages	\$ 66,220	\$ 21,000	\$ 87,220	\$ 61,059	\$ 20,500	\$ 81,559
FICA	5,181	1,830	7,011	5,255	1,798	7,053
IPERS	6,782	2,258	9,040	6,485	2,218	8,703
Advertising and legal publication:	2,684	1,646	4,330	2,446	1,058	3,504
Assessments	2,279	-	2,279	3,740	-	3,740
Audit and accounting	6,175	2,600	8,775	6,575	3,000	9,575
Community improvements	12,785	-	12,785	14,186	-	14,186
Computer expenses	16,294	4,868	21,162	10,308	7,081	17,389
Contract labor	5,341	-	5,341	4,971	-	4,971
Donations	850	-	850	25,350	-	25,350
Dues	2,728	4,351	7,079	3,285	2,546	5,831
Equipment and upgrades	-	-	-	248	-	248
Energy efficiency programs	1,202	-	1,202	6,013	-	6,013
Insurance	38,438	9,927	48,365	39,234	6,702	45,936
Legal and engineering	188	70	258	585	70,486	71,071
Maintenance materials	1,944	-	1,944	4,181	-	4,181
Meeting expenses	3,295	-	3,295	425	-	425
Miscellaneous	1,475	56	1,531	2,437	(44)	2,393
Office maintenance	2,500	-	2,500	878	-	878
Postage	2,622	-	2,622	10	-	10
Purchased services	1,056	-	1,056	384	-	384
Supplies	724	-	724	845	-	845
Telephone	5,553	-	5,553	4,203	-	4,203
Training	1,619	258	1,877	594	-	594
Truck expenses	3,808	-	3,808	3,443	-	3,443
Trustee fees	7,000	2,917	9,917	7,200	3,000	10,200
Total administrative expenses	<u>\$ 198,743</u>	<u>\$ 51,781</u>	<u>\$ 250,524</u>	<u>\$ 214,340</u>	<u>\$ 118,345</u>	<u>\$ 332,685</u>

WOODBINE MUNICIPAL LIGHT & POWER
SCHEDULE OF FINDINGS
FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

Part I - Findings Related to the Financial Statements:

No findings related to the financial statements were noted.

Part II – Instances on Non-Compliance:

No instances of non-compliance were noted.

Part III - Other Findings Related to Required Statutory Reporting:

The following comments about the Woodbine Municipal Light & Power Fund's operations for the year ended June 30, 2022, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Woodbine Municipal Light & Power Fund. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

- (1) Official Depositories – A resolution naming official depositories has been adopted by the Board of Trustees. The maximum deposit amounts stated in the resolutions were not exceeded during the year ended June 30, 2022.
- (2) Certified Budget – As required by the Code of Iowa fiscal year Utility expenditures may not exceed fiscal year budgeted amounts. For the years ended June 30, 2022 and 2021, cash basis expenditures did not exceed budgeted amounts.
- (3) Questionable Disbursements - We noted no disbursements that, we believe, may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- (4) Travel Expenses – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- (5) Business Transactions – No business transactions were noted between the Woodbine Municipal Light & Power Fund and the Utility's Officials, employees, or related parties which would require disclosure.
- (6) Bond Coverages - Surety bond coverage of the Utility's officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that the coverage is adequate for current operations.
- (7) Board Minutes - No transactions were noted that we believe should have been approved in the Board minutes but were not.
- (8) Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Utility's investment policy.